RICHLAND
RESOURCES LTD

28 September 2018

Richland Resources Ltd

(“Richland” or the “Company”)

Interim Results for the half-year ended 30 June 2018 (unaudited) and GBP100,000 extension of Convertible Loan Note Facility

Richland (AIM: RLD), the Australian sapphire producer and gemstones developer, announces its unaudited interim results for the half year ended 30 June 2018.

Highlights:

- Anthony (“**Tony**”) Brooke, a gemstone industry expert with approximately 36 years’ experience in the gemstone industry, appointed as Chief Executive Officer
- 3,581,237 new common shares of US$0.0003 each in the capital of the Company (“**Common Shares**”) issued to Tony Brooke at a price of 0.84 pence per share in respect of sales commissions of US$42,717 earned during the period from 1 December 2016 to 31 December 2017
- £300,000 secured convertible loan facility (the “**Secured Convertible Loan Facility**”) obtained from an existing significant shareholder in the Company, to provide short term working capital. An initial £100,000 tranche of the facility was drawndown and received in the period
- Directors, senior management team, certain former directors and a former consultant agreed to waive, in aggregate, £237,230 of accrued fees due to them
- US$0.05 million (H1 2017: US$1.0 million) total income as Capricorn Sapphire’s mining operations remained suspended during the reporting period
- Operating loss of US$0.78 million (H1 2017: US$0.96 million loss) including depreciation of US$0.20 million (H1 2017: US$0.21 million)
- As at 30 June 2018:
    - US$0.1 million of unrestricted cash and cash equivalents
    - US$1.3 million of total assets
    - US$0.5 million of total current assets
    - US$0.8 million of total non-current assets

Post Period End:

As announced on 6 July 2018, in order to preserve the Company’s cash resources:

- Certain of the Company’s existing Directors and senior management team, certain former directors and a former consultant converted an aggregate amount of £207,537 (comprising US$275,215 at the USD:GBP exchange rate of 1.3261 on 22 June 2018) of fees accrued for periods ranging from December 2016 to 31 May 2018 into 74,120,531 new Common Shares at a price of 0.28 pence per share; and
- The Company issued an additional 16,000,000 new Common Shares at the same price in relation to certain professional fees due through to 31 December 2018

- The balancing £200,000 of the abovementioned £300,000 Secured Convertible Loan Facility was drawndown and received by the Company
- The Company has today signed an addendum to the Secured Convertible Loan Facility to increase the facility by a further £100,000 on the same commercial terms as the existing Secured Convertible Loan Facility, to provide additional working capital whilst the Company continues to seek to secure the requisite funding to re-start production at Capricorn Sapphire or alternatively seek to conclude ongoing negotiations with different parties in relation to the sale of all or a part of the project.

Commenting today, Chief Executive Officer, Anthony Brooke said:

"During H1 2018, significant time has been spent preparing the ground at site pending sufficient funding being secured to recommence mining operations at Capricorn Sapphire, whilst at the same time undertaking test drilling and general maintenance on a low cost basis to facilitate a more focused open pit operation and ultimately higher yield production once mining recommences.

"I would particularly like to draw shareholders attention to the fact that our sightholder buyers and clients in Thailand are keen for mining to re-start as their inventories of rough are running low and few global Corporate Socially Responsible sources of sapphires exist. Upon production recommencing our potential forward sales of blue rough production are very positive and parti colours and generally non-traditional sapphire cuts have been reportedly highly sought after in the retail segment such that potential forward sales of our parti and green rough are also likely to improve.

"We continue to hold discussions with potential strategic investors to secure the necessary funding to re-start production, whilst simultaneously also seeking to identify potential acquirers for the project in order to maximise value from our investment."

For further information, please contact:

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014.

Note to Editors:

Further information is available on the Company's website: www.richlandresourcesltd.com. Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

Chairman's Statement

On behalf of the Board, I am pleased to present the Group's unaudited results for the six months to 30 June 2018.

During the period we conducted and concluded a strategic review process, the main findings of which were announced on 25 June 2018 and are summarised as follows:

- Following the suspension of mining operations in December 2017, the Company has conducted regular and ongoing maintenance activities to ensure the good standing and preparedness of the mine's infrastructure and equipment. Accordingly, subject to the Company securing sufficient additional funding in due course, it is envisaged that operations could be recommenced within a timeframe of approximately one month from a re-start decision being made.
- Internal exploration activities during the strategic review period have focused on refining the Company's mining plan with two initial target areas identified and delineated on Capricorn Sapphire's licenced acreage for opening-up when production recommences. Mining operations will remain suspended pending the Company securing sufficient longer-term additional financing to enable the recommencement of production later this year.
- A further exploration programme has been planned, subject to funding, to target potential resource expansion and improvement in grade and recovery comprising a ground penetrating radar survey and further drilling together with the potential appointment of a site geologist in order to more tightly control mining and exploration geology.
- Potential to achieve higher sales prices by lengthening the sales cycle; pre-sales negotiations held with targeted key customers to seek to secure longer term supply arrangements and relationships which are anticipated to result in improved pricing once production recommences.
- Intention to create mine stockpiles onsite concurrently with production and additional pumps purchased, in order to better manage production flow and mitigate the risk of future high rainfalls such as those experienced in Q4 2017 and February 2018.
- Global sapphire market conditions have generally improved. The Company is now observing a reduction in sapphires available in the market and a reduction in the level of the previously reported illegal production from Madagascar (and in Nigeria), and the commensurate downwards pricing pressure, due to their depleted resources and more effective policing by the relevant authorities.

With regard to the Company's corporate activity during the period;

- We obtained a financing facility of up to £300,000 for working capital purposes obtained by way of a secured convertible loan at an interest rate of 3 month GBP LIBOR plus 7.5 per cent. per annum, with a scheduled maturity date of 31 December 2018, from Astor Management AG, a private company controlled by a long-term significant shareholder (the "**Secured Convertible Loan Facility**"); and
- As a demonstration of support and commitment to the Company, the Directors, senior management team, certain former directors and a former consultant agreed to waive, in aggregate, £237,230 of accrued fees due to them and to convert, in aggregate, a further £207,537 of unpaid fees into new Common Shares. Accordingly, all outstanding fees due to the Company's current and former Directors, and existing senior management and a former consultant up to 31 May 2018 have been waived/settled in full.

On 22 June 2018, Mr Ami Mpungwe resigned from his position as a non-executive director of the Company and I would like to take this opportunity to thank him for his valuable support and wish him well in his future endeavours.

The Company has today signed an addendum to the Secured Convertible Loan Facility to increase the facility by a further £100,000 on the same commercial terms as the existing Secured Convertible Loan Facility, to provide additional working capital.] The Board is currently engaged in discussions with potential strategic investors to procure sufficient longer-term funding to enable the recommencement of production at Capricorn Sapphire later this year. Simultaneously the Company is engaged in discussions with alternative parties to conclude a transaction for a partial or complete disposal of the Capricorn Sapphire project. In the meantime, operations will remain suspended and further announcements will be made as and when appropriate.

Lastly, the Board wishes to express its appreciation for the continued support and patience of the Company's various stakeholders during this period of transition and we look forward to providing further updates in due course.

Mr Edward Nealon
Non-Executive Chairman

28 September 2018

1. Financial Performance

In mid-December 2017, the Company decided to temporarily halt mining operations in light of, *inter alia*, adverse weather conditions and a weak market environment, in order to conserve its cash resources and in anticipation of a recovery in sapphire pricing levels and market demand.

Revenue for the period was US$0.05 million compared to US$1.0 million in H1 2017 as a result of the suspension of operations throughout the period.

Operating loss for the period decreased by approximately 20 per cent., from US$0.96 million in H1 2017 to US$0.77 million primarily as a result of the suspended operations. The operating loss reflects costs incurred at the Capricorn Sapphire project in relation to maintenance, rehabilitation, corporate costs and includes depreciation of US$0.2 million.

The Company had net unrestricted **cash available** of US$0.1 million at the period end compared to US$0.3 million as at the end of H1 2017.

Total non-current assets were US$0.8 million at the period end, which primarily reflects the capital expenditure associated with the Capricorn Sapphire project.

2. Corporate Activity

As announced on 5 February 2018, Anthony ("Tony") Brooke was appointed to the Board as the Company's new Chief Executive Officer. Mr Brooke has previously acted as Vice President of Marketing and Sales for the Company's wholly owned subsidiary, Capricorn Sapphire Pty Limited ("**Capricorn Sapphire**"), and been assisting with its sales and marketing initiatives alongside his team at Gem Dreams Co. Limited ("**Gem Dreams**"), as set out in the Company's announcement of 23 November 2016.

Dr. Bernard Olivier simultaneously resigned as Chief Executive Officer and as a director of the Company in order to pursue his other interests. The Company would again like to thank Dr. Olivier for his significant contributions to the Company's development, initially in Tanzania and subsequently in relation to the establishment and commissioning of the Company's Capricorn Sapphire mine.

Pursuant to certain pre-existing contractual arrangements between Capricorn Sapphire, Tony Brooke and Gem Dreams in connection with the abovementioned sales and marketing assistance and the Company's beneficiation strategy, the Company issued 3,581,237 new common shares of US$0.0003 each in the capital of the Company ("**Common Shares**") to Tony Brooke in February 2018 in respect of sales commissions of US$42,717 earned during the period from 1 December 2016 to 31 December 2017 (the "**Commission Shares**"). The number of Commission Shares has been calculated on the basis of the Company's volume weighted average share price of 0.84p pence for the year ended 30 November 2017 and using a foreign exchange rate of GBP1 = U$1.42.

Effective from 22 June 2018, Mr Ami Mpungwe tendered his resignation as a non-executive director of the Company to enable him to pursue his other business interests. The Board would like to thank Ami for his valuable service to the Company since 2004 and wish him well in his future endeavours.

3. Going Concern

For the six months ended 30 June 2018, the Group recorded a loss of US$0.78 million and had net cash outflows from operating activities of US$0.4 million. The ability of the entity to continue as a going concern is dependent on the group generating positive operating cash flows and/or securing additional funding through the raising of debt or equity to fund its planned recommencement of production and its operational and marketing activities. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed going forwards.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The interim financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group received a further £0.2 million under the Convertible Loan facility subsequent to the reporting period end and is currently in advanced discussions to extend this facility by a further £0.1m;
- The Directors, senior management personnel, certain former Directors and a former consultant agreed to waive, in aggregate, £237,230 of accrued fees due to them for periods from December 2016 to 31 May 2017;
- Certain of the Directors, senior management personnel, former Directors and a former consultant converted, in aggregate, £207,537 of unpaid fees due to them for periods from December 2016 up to and including 31 May 2018 into new Common Shares;
- The Company is seeking to raise sufficient additional longer-term financing to enable the recommencement of production at the Capricorn Sapphire mine: Simultaneously, the Company is, also seeking to transact with potential acquirers for the project with whom negoations are ongoing; and
- Management has successfully raised money in the past.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

4. Operational Update and Future Plans

Sales for the period were approximately US$51,000 comprising approximately US$30,000 from the sale of approximately 530,000 carats of lower quality sapphires/corundum, US$17,000 from cut stones/Jewellery and US$4,000 from non-sapphire sales. Sapphire inventory levels at the period end comprised 673,467 carats of rough,43,788 carats of heated fancy color rough in various small sizes and 7,486 carats of cut gemstones of which 5,055 carats are good quality parti (bi-coloured) stones for the wholesale market and 2,431 carats are lower quality included parti stones for the wholesale market.

During Q3 2018, the Company has continued to undertake essential ongoing on-site maintenance and been endeavouring to procure sufficient additional longer-term financing to enable the recommencement of production later this year but will also be continuing ongoing negotiations regarding the sale of all or part of Capricorn sapphire and otherwise seek to maximise value from its investment in Capricorn Sapphire and in the meantime operations will remain suspended.

5. Post Period End

As announced on 6 July 2018, certain of the Company's existing Directors and senior management team, certain former directors and a former consultant agreed to the conversion of an aggregate amount of £207,537 (comprising US$275,215 at the USD:GBP exchange rate of 1.3261 on 22 June 2018) of fees accrued for periods ranging from December 2016 to 31 May 2018 into new Common

Shares (the "**Fee Conversion**"). The Fee Conversion amount is shown in the Statement of Financial Position as Fees agreed to be converted to equity.

Pursuant to the Fee Conversion, the Company issued, in aggregate, 74,120,531 new Common Shares at an issue price of 0.28 pence per share, representing a premium of approximately 27 per cent. to the Company's closing mid-market share price of 0.22 pence on 5 July 2018.

In addition, the Company issued a further 16,000,000 new Common Shares at the same price in relation to the settlement of certain professional fees due though to 31 December 2018.

The Company has today signed an addendum to the Secured Convertible Loan Facility to increase the facility by a further £100,000 (the "**Additional £100,000 Facility**") on the same commercial terms the existing Secured Convertible Loan Facility which were summarised in the Company's announcement dated 25 June 2018, to provide additional working capital.

At the Company's Annual General Meeting on 25th July 2018 approval was given for the restriction in Bye-law 14.2 in respect of any shareholder acquiring a Relevant Interest in Voting Securities of the Company in excess of thirty percent (30%) to not apply in relation to any common shares issued pursuant to the Convertible Loan Agreement dated 22 June 2018 between the Company and Astor Management AG (the "**Lender**"). If the Lender seeks to convert the Additional £100,000 Facility then the Company will be required at a duly convened general meeting, to put a resolution to its shareholders in the form prescribed in Bye-law 14.6(e) of its Bye-laws to seek to obtain approval for the Company to issue such number of Common Shares to the Lender as would be required from time to time to satisfy conversion of all or part of the amount due under the Additional £100,000 Facility (notwithstanding the restriction set out in Bye-law 14.2 that no shareholder may own more than 30 per cent. of the Company's Common Shares). In the event that shareholders do not approve such a resolution at a duly convened general meeting, and the Lender wishes to convert all or part of the Additional £100,000 Facility (the "**Loan Conversion Amount**") into new Common Shares then the Company will be required to convert that portion of the Loan Conversion Amount which is not in breach of Bye-law 14.2 into new Common Shares and repay to the Lender within three business days of the meeting the proportion of the Loan Conversion Amount not so converted together with a 'non conversion fee' in cash equivalent to twice the value of the unconverted portion of the Loan Conversion Amount.

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Interim Financial Statements

Richland Resources Ltd
Condensed Consolidated Statement of Profit and Loss
For the Half Year ended 30 June 2018
(Unaudited)

	H1 2018 $'000	H1 2017 $'000	FY 2017 $'000
CONTINUING OPERATIONS			
Revenue	51	1,078	1,942
Cost of sales	(589)	(1,240)	(2,654)
Gross loss	**(538)**	**(162)**	**(712)**
Other income	61	98	249
Operating expenses	(297)	(900)	(1,595)
Operating loss	**(774)**	**(964)**	**(2,058)**
Financing costs paid	(4)	(2)	(10)
Impairment	-	-	(1,920)
Loss before income tax	**(778)**	**(966)**	**(3,988)**
Income tax credit/(charge)	-	-	-
Loss after income tax from continuing operations	**(778)**	**(966)**	**(3,988)**
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	-	-	35
Loss for the year	**(778)**	**(966)**	**(3,953)**
Basic and diluted EPS from continuing operations (cents per share)	(0.15)	(0.23)	(0.93)
Basic and diluted EPS from continuing operations (cents per share)	-	-	0.01
Basic and diluted EPS from all operations (cents per share)	(0.15)	(0.23)	(0.92)

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Richland Resources Ltd
Consolidated Statement of Financial Position
As at 30 June 2018 (Unaudited)

	H1 2018 $'000	H1 2017 $'000	FY 2017 $'000
Non-current assets			
Property, plant and equipment	716	3,080	964
Intangible assets	51	35	52
Total non-current assets	**767**	**3,115**	**1,016**
Current assets			
Inventories	73	154	139
Trade and other receivables	63	288	289
Restricted cash	281	292	296
Cash and cash equivalents	116	299	386
	533	**1,033**	**1,110**
Non-current assets and Disposed Group classified as held for sale	**-**	**50**	**-**
Total current assets	**533**	**1,083**	**1,110**
Total assets	**1,300**	**4,198**	**2,126**
Equity			
Share capital	146	125	145
Share premium	54,409	53,836	54,389
Fees agreed to be converted to equity	275	-	-
Share option reserve	161	85	123
Foreign currency translation reserve	80	117	133
Accumulated loss	(54,570)	(50,805)	(53,792)
Total equity	**501**	**3,358**	**998**
Non-current liabilities			
Provision for environmental rehabilitation	267	261	273
Total non-current liabilities	**267**	**261**	**273**
Current liabilities			
Trade and other payables	400	494	855
Interest-bearing borrowings	132	-	-
	532	**494**	**855**
Liabilities associated with Disposed Group classified as held for sale	**-**	**85**	**-**
Total current liabilities	**532**	**579**	**855**
Total liabilities	**799**	**840**	**1,128**
Total equity and liabilities	**1,300**	**4,198**	**2,126**

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Richland Resources Ltd
Condensed Consolidated Statement of Cash Flows
For the Half Year Ended 30 June 2018
(Unaudited)

	H1 2018 $'000	H1 2017 $'000	FY 2017 $'000
Cash flows from operating activities			
Cash absorbed by operations	(396)	(771)	(1,335)
Financing cost received/(paid)	4	(9)	(9)
Net cash used in operating activities	**(392)**	**(780)**	**(1,344)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(10)	(258)	(282)
Purchase of intangible assets	(2)	(2)	(19)
Derecognise disposed group cash	-	-	(33)
Net cash used in/by investing activities	**(12)**	**(260)**	**(334)**
Cash flows from financing activities			
Cash proceeds from issue of shares	-	1,025	1,731
Proceeds from convertible loans	133	-	-
Net cash generated from financing activities	**133**	**1,025**	**1,731**
Net (decrease)/increase in cash and cash equivalents	**(271)**	**(15)**	**53**
Movement in cash and cash equivalents			
Exchange losses	1	(12)	(26)
At the beginning of the period	386	359	359
Decrease	(271)	(15)	53
At the end of the period	**116**	**332**	**386**
Cash and cash equivalents - continuing operations	**116**	**299**	**386**
Cash and cash equivalents net of borrowings included in asset from Disposed Group classified as held for sale	**-**	**33**	**-**